
RECORD OF PROCEEDINGS

**Minutes of the Regular Meeting
of the Board of Directors of
Bachelor Gulch Metropolitan District
May 26, 2021**

A Regular Meeting of the Board of Directors of Bachelor Gulch Metropolitan District, Eagle County, Colorado, was held Wednesday, May 26, 2021 at 2:00 pm. MST, via Zoom video.

Attendance: The following Directors were present and acting:

- Paul Jardis (via video)
- Dale (Dutch) Stortz (via video)
- Blair Hayes (via video)
- Russ Coburn (via video)
- Stephanie Zilberman (via video)

Also in attendance were:

- Maureen Crofton, Bachelor Gulch Public Safety (via video)
- Koby Kenny, Bachelor Gulch Public Safety (via video)
- Sean Sprague, Bachelor Gulch Metro, Ops Asst Manager (via video)
- Dave Berg, Bachelor Gulch Metro, Manager (via video)
- Ken Marchetti, Marchetti & Weaver, LLC (via video)
- Debbie Braucht, Marchetti & Weaver, LLC Secretary for the Meeting (via video)

Call to Order The Meeting of the Board of Directors of the Bachelor Gulch Metropolitan District was called to order by Chairman Jardis, noting a quorum was present.

Consideration of Agenda

Election of office for new Director was added to the Agenda.

Public Comment There was no public comment.

Minutes

Upon review and by motion duly made and seconded it was unanimously

RESOLVED to approve the April 28, 2021 meeting minutes with a spelling correction and changes.

Election of Officer

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Director Jardis stated Ms. Zilberman's appointment filled the vacancy by the decades long Secretary of the Board. Upon motion duly made and seconded it was unanimously

RESOLVED to elect Director Zilberman as Secretary.

Public Safety Report

Ms. Crofton stated it has been business as usual except for an incident where a member of the public assaulted a Ritz employee which is highly unusual.

Mr. Kenny reported since the last meeting they drove around to visually inspect the secondary evacuation routes. Based on this he would like to update the evacuation plan and work with Mr. Shimanowitz and Mountain Operations to improve the secondary routes. Mr. Berg stated Eagle River Fire Protection District (ERFPD) has a map of evacuation routes as part of their 911 process and he contacted them to jointly re-prioritize and update the map. He's contacted the Bachelor Gulch Resident's Association to include some information on evacuation routes and mitigation for their summer newsletter. Carol Floyd is the contact person for Bachelor Gulch Village Association (BGVA) and the same information should be sent to her as they have the most comprehensive email list of owners in Bachelor Gulch.

Operations Report

Director Jardis and Mr. Berg reported that a one-hundred dollar (\$100) refundable deposit has been made to reserve a new Ford F150 Lightning which is their brand new all electric truck. The truck could be ready as soon as the Spring of 2022 and prices start at forty-thousand dollars (\$40,000). A deposit was also made a couple years ago on a Rivian electric truck and it is possible it could be ready for the Spring of 2022. Director Jardis stated an electric truck was ordered, per the Board's directive of becoming more environmentally friendly, to replace the Chevy Colorado but the Ford may be ready before the Rivian.

At the end of the Operations Report now there are two new pieces of information showing the electric production of the solar arrays at the Gatehouse and the Operations Facility. There was discussion of production variances based on the time of year. A comment was made regarding the Gatehouse array's production going down. Mr. Berg

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stated Active energies monitors them and alerts him if there is a problem. The cleaning regiment was also discussed.

Cyber Security

Director Jardis stated in light of recent news regarding ransomware attacks he would like Mr. Berg to assess the District's risk and take precautionary steps if they are not already in place. He asked that Mr. Marchetti assist if needed and Mr. Marchetti stated he is very familiar with these processes. Mr. Berg will update the Board at the next meeting.

Infrastructure

Director Jardis quickly reviewed a list of the District's infrastructure assets and stated in the coming months he will provide additional background to get the new Board members up to speed.

Director Coburn left the meeting.

Protection of Assets

Based in part, on Upper Eagle Regional Water Authority's (UERWA) claim that a portion of the Tennis Center building was conveyed to them, Director Jardis is of the opinion more than ever, it is important to protect the assets of the District. There's a lot of money tied up in the District's asset and it is the Board's responsibility to protect those assets to serve its constituents.

Mr. Kenny left the meeting.

Upper Eagle Regional Water Authority Lease

Director Jardis stated the process of putting a lease in place for a portion of the Tennis Center building began in the fall of 2019. There has been very little progress since that time. Recently after a number of inquiries to the District's general counsel, the form of Lease Agreement that was submitted for their review was returned but changed to a Memorandum of Understanding (MOU) by their attorney. Included within the MOU is a paragraph stating there is disagreement on who owns the premises. Director Jardis stated there has never been any question of who owns the premises so the District cannot agree to that. Director Hayes stated he doesn't understand why UERWA would be putting up so much resistance.

Financial Statements

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After last month's meeting Mr. Marchetti reviewed the 2012 US Bank Loan Agreement and the District may prepay up to one-million dollars (\$1,000,000) a year before July 1st without penalty. Director Jardis stated the Debt Service equates to 7.000 mills and eliminating the debt will allow the District to drop those mills to zero. Mr. Marchetti's preliminary 2022 Budget shows the mill levy dropping to 3.000 mills for the General Fund and 6.000 mills for Debt Service which is a 3.000 mill reduction over 2021. The 2022 Prelim Budget also shows an additional prepayment of principal for one-million dollars (\$1,000,000) and every year until the 2012 US Bank Loan is paid off. This prepayment schedule will save the District over three-hundred thousand dollars (\$300,000) in interest. Upon motion duly made and seconded it was unanimously

RESOLVED to approve a one-million dollar (\$1,000,000) principal pre-payment on the 2012 US Bank Loan.

Director Hayes asked what a sufficient fund balance should be when considering prepayment of the debt. What is sufficient for reserves even though it is not called reserves and should the Board consider this going forward? Director Jardis stated unofficially they have kept the fund balance at approximately four to five million dollars and the 2021 Budget and the Prelim 2022 Budget maintain that balance. Director Hayes asked Mr. Marchetti if he had any guidance on what the fund balance should be? Mr. Marchetti stated he likes to look at the operating reserve to be a percentage of the annual operating costs and a capital reserve, which is unrelated, is based on what kind of assets are going to be replaced and what the timeline for replacement is. Director Jardis added one-year of annual operating costs plus an additional amount for cushion. Director Jardis stated the Board objectives have been to pay down debt and lower the mill levy. When he came onto the Board the District had over fifty million dollars (\$50,000,000) in debt and it's down to five million (\$5,000,000). The Board asked Mr. Marchetti to update the long-range financial plan for the next meeting.

Accounts Payable

Director Hayes stated there was some confusion on the AP List because it does not list the eight hundred and twenty thousand dollar (\$820,000) principal prepayment on the 2011 Bonds that was approved at the last meeting. The 2011 loan prepayment approved last month was added as well as the one-million (\$1,000,000) approved

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today were added to the supplemental Accounts Payable list. Upon review and by motion duly made and seconded it was unanimously

RESOLVED to approve and ratify the accounts payable list as presented and with the above-mentioned additions.

Executive Session

The Board discussed the need for Executive Session in regards to the Upper Eagle Regional Water Authority Lease Agreement. Upon motion duly made and seconded it was unanimously

RESOLVED to enter in Executive Session at 2:45 pm citing §24-6-402(4)(a), C.R.S., Concerning the purchase, acquisition, lease, transfer, or sale of any real estate and §24-6-402(4)(e), C.R.S., determining positions relative to matters that may be subject to negotiations, developing strategy for negotiations, and instructing negotiators.

Upon returning from Executive Session and by motion duly made and seconded it was unanimously

RESOLVE to engage special & general legal counsel of Porterfield and Oliver and Kissinger and Fellman respectively.

Adjournment

There being no further business to come before the Board, upon motion duly made and seconded it was unanimously

RESOLVED to adjourn the meeting of the Bachelor Gulch Metropolitan District Board of Directors held May 26, 2021

Respectfully Submitted,



Secretary to the Meeting